

(Washington, DC)— U.S. Congresswoman Gwen Moore today voted for the single largest investment in college financial aid since the 1944 GI Bill, helping thousands of Wisconsin students and families pay for college –at no new cost to U.S. taxpayers.

The College Cost Reduction Act, which the House passed today by a vote of 273-149, would boost college financial aid by about \$18 billion over the next five years.

In Wisconsin, students would receive a total of \$225 million in additional aid. The typical Wisconsin student would save about \$4,280 from the interest rate cut upon its complete implementation.

Currently, about 76,000 Wisconsin students at four-year colleges take out need-based loans each year and are strapped with roughly \$13,379 in college loan debt.

“Challenges in college should come by the way of academics, not the cost. This bill ensures students have the tools and resources to gain a college education without being piled with debt,” U.S. Congresswoman Gwen Moore said. “No student should be told they cannot afford a college education. This bill will give students what they deserve - thousands of dollars in savings and all at no extra cost to taxpayers.”

Additionally, about 6 million low- and moderate-income students nationwide would benefit from an increase in the maximum value of the Pell Grant scholarship included in this bill.

Under the legislation, the maximum value of the Pell Grant scholarship would increase by \$500 over the next five years. When combined with other Pell scholarship increases passed or proposed by Congress this year, the maximum Pell Grant would reach \$4,900 in 2008 and \$5,200 in 2011, up from \$4,050 in 2006, thus restoring the Pell’s purchasing power.

“Attending college isn’t a luxury and it isn’t a privilege – it’s a necessity. This bill will help open the doors to a higher education to all students, including low and moderate-income students and families,” Moore said.

LEGISLATION FACTS:

The legislation would cut interest rates in half on need-based student loans, reducing the cost of those loans for millions of student borrowers. Like legislation passed by the House earlier this year, the College Cost Reduction Act would cut interest rates from 6.8 percent to 3.4 percent in equal steps over the next five years.

The legislation would also prevent student borrowers from facing unmanageable levels of federal student debt by guaranteeing that borrowers will never have to spend more than 15 percent of their yearly discretionary income on loan repayments and by allowing borrowers in economic hardship to have their loans forgiven after 20 years.

The College Cost Reduction Act includes a number of other provisions that would ease the financial burden imposed on students and families by the cost of college, including:

Tuition assistance for excellent undergraduate students who agree to teach in the nation's public schools; Loan forgiveness for college graduates that go into public service professions; Increased federal loan limits so that students won't have to rely as heavily on costlier private loans; New tuition cost containment strategies; and Landmark investments in Historically Black Colleges and Universities, Hispanic Serving Institutions and minority serving institutions.

The legislation pays for itself by reducing excessive federal subsidies paid to lenders in the college loan industry by \$19 billion. It also includes nearly \$1 billion in federal budget deficit reduction. The Senate is expected to vote on similar legislation this month.

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